

## DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

1700 K STREET  
SACRAMENTO, CA 95814-4037  
TDD (916) 445-1942  
(916) 322-7012



June 3, 1996

**ADP #96-27**

TO: COUNTY ALCOHOL AND DRUG PROGRAM ADMINISTRATORS  
DRUG/MEDI-CAL CERTIFIED PROVIDERS

SUBJECT: ENFORCEMENT OF ADP #96-09

In ADP Letter #96-09, the Department (ADP) clarified the policy regarding certification of Drug Medi-Cal (D/MC) clinics whose clients reside in residential treatment programs licensed by ADP or group homes licensed by the Department of Social Services (DSS). The purpose of this letter is to advise you regarding the manner in which violations of the requirements/restrictions noted in that letter will be enforced when a fiscal audit or a utilization review (UR) audit is performed.

**ADP Licensed Residential Treatment Programs**

- ! For service periods which began **on or after July 1, 1995**, any fiscal audit or UR audit of a D/MC Outpatient Drug Free (ODF) or Day Care Habilitative (DCH) clinic will disallow all D/MC units of service and related costs associated with residents of any licensed residential treatment program, whether or not affiliated or under common ownership with the D/MC clinic.
- ! For service periods **prior to July 1, 1995**, any fiscal audit of a D/MC clinic which is related to, owned, or controlled by a licensed residential treatment program will ensure a reasonable allocation of costs between the residential services and clinic services, and determine allowability of costs based on the requirements of each funding source. Any payment of federal and state funds in excess of actual allowable costs will be disallowed.

**DSS Licensed Group Homes**

- ! For service periods which began **on or after April 1, 1996**, any fiscal audit or UR audit of a D/MC ODF or DCH clinic will disallow D/MC units of service and related costs associated with residents of DSS licensed group homes, where the clinic is located on the same property or where the group home provides more than 16 beds, subject to the exception(s) noted in ADP #96-09.

County Alcohol and Drug  
Program Administrators  
Alcohol and Other Drug  
Service Providers

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! For periods **prior to April 1, 1996**, ADP will work with DSS to develop a joint-audit approach to address possible cost-shifting and double-funding issues.

If you have any questions regarding this information, please contact Gary Bellamy, Audit Manager, at (916) 322-4834 or Marianne Estes, Acting Manager, Program Accountability Branch, at (916) 324-2038.

Sincerely,

DESIRÉE WILSON  
Deputy Director  
Division of Administration

GLORIA MERK, II  
Deputy Director  
Program Operations Division

cc: Wagerman and Associates, Inc.